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September 21, 2004

**RECEIVED**

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SEP 21 2004

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12th Street, SW  
Washington, DC 20554

Federal Communications Commission  
Office of Secretary

*Ex Parte Presentation*

**Re: In the Matter of Performance Measurements and Standards for  
Interstate Special Access Services (CC Docket No. 01-321); In the  
Matter of AT&T Corporation Petition for Rulemaking to Reform  
Regulation of Incumbent Local Exchange Carrier Rates for Interstate  
Special Access Services (RM Docket No. 10593).**

Dear Ms. Dortch:

In addition to the undersigned, Susan Casale, Greg Lepkowski and Thomas Frobase participated on behalf of the American Petroleum Institute in a discussion with Federal Communications Commission personnel regarding the above referenced proceedings. Present at the meeting from the Wireless Telecommunications Bureau were Tamara Preiss, Deena Shetler, Robert Tanner, Margaret Dailey, Richard Lerner and Julie Veach. The substance of the presentation is summarized in the attachment.

Should you have any questions or require any additional information, please feel free to contact the undersigned.

Sincerely,

*C. Douglas Jarrett / KER*  
C. Douglas Jarrett

cc: Tamara Preiss  
Deena Shetler  
Robert Tanner  
Margaret Dailey  
Richard Lerner  
Julie Veach

## American Petroleum Institute

Talking Points on Special Access

RM-10593

CC Docket No. 01-231

## API & API Member Companies

- ◆ Represents domestic petroleum and pipeline operators w/substantial operations in USA
- ◆ Industry uses varied "telecommunications" and "telecommunications services" in meeting business requirements
- ◆ Companies are major consumers of interstate special access services
  - API is a member of SPARC and JCIG

## API Member Companies

- ◆ **Special Access Supports Virtually All Wireline Data Communications**
  - Data services now constitute over 50% of expenditures for services
  - Growth in wireline services supports data, including critical infrastructure applications
    - Bandwidth demands require DS-1 rates or higher
  - Wireline voice services stable
  - VoIP is another IP (data) application

### Special Access Usage Trends: Informal Survey Results of 6 Member Companies

- ◆ ILECs provide 95%+ of domestic DS-1s
  - Purchased by IXCs as part of voice and data services
  - 100% in non-urban areas
- ◆ Approximately 80% of DS-3s provided by ILECs
  - Some IXCs provide DS-3 & OC-n capacity access
    - Cable companies and CLECs provide less than 5% of these access circuits

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### Special Access Usage Trends: Informal Survey Results of 6 Member Companies

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|--|---|
| ◆ DS-1s Provided by ILECs – <u>1150</u>          | ◆ DS-1s Provided by Non-ILECs – <u>50</u>                     |
| ◆ DS-3s Provided by ILECs – <u>66</u>            | ◆ DS-3s Provided by Non-ILECs – <u>12</u>                     |
| ◆ Gigabit Ethernet Provided by ILECs – <u>16</u> | ◆ OC-N and Fiber Ring Access Provided by Non-ILECs – <u>3</u> |

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### Special Access Pricing

- ◆ Special access pricing is the exception
  - Virtually all IXC services are subject to competition
  - ILEC special access pricing is constant to rising

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Special Access Ordering,  
Provisioning & Maintenance

- ♦ Special Access provisioning should not be a "black hole"
  - Predictability and reliability are fundamental
- Maintenance and installation timeliness important for safety of life and property
- Mastering ILFC processes should not be a challenge for 2nd Tier domestic IXCs

Special Access Ordering,  
Provisioning & Maintenance

- ♦ JCI6 standards looking to systematize and improve delivery and maintenance of services
- ♦ JCI6 standards focus on ILFC/IXC relationship for good reason
  - IXCs obtain 99% of special access used in delivery of end-to-end services

Special Access Pricing

- ♦ Pricing Flexibility Order—Revoke It
  - RBOCs are not lowering rates in response to competition
  - Low density areas have lower "Price Cap" rates
  - Recent Qwest tariff filing confirms need for reform
  - AT&T Petition for Rulemaking provides best vehicle
  - Revoke Pricing Flexibility Order
  - Return to Price Caps and reset rates at more realistic rate of return numbers

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## Special Access Ordering, Provisioning & Maintenance

- ◆ Reliable and Predictable Provisioning
  - Minimizes indirect costs to customers
    - Reduce time for dual carrier services to locations
  - Maximizes competition in IXC Services
- ◆ Authority for switched access "PIC" rules, not local competition provisions, support metrics and standards for ordering, provisioning and maintenance of special access services

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